Orlando clicks with camera buffs — Page 13

Profile of Long's Dave Fong — Page IP6

Claims processing comes of age — Page IP9

SECOND CLASS

DRUG STORE NEWS

Vol. 11/No. 8 **Our 61st year of serving chains, wholesalers and high-volume independents** Published by Lebhar-Friedman Inc. **April 17, 1989**

Rite Aid names Martin Grass its president & COO

SHIREMANSTOWN, Pa. — Martin Grass has been named president and chief operating officer of Rite Aid Corp.

Grass, who moves up from executive vp, has also served as senior vp-corporate planning and development, vp-corporate planning and development and vp-real estate during his 11 years with the chain. He became a member of Rite Aid's board of directors in 1982.

Martin Grass

A 1976 graduate of the University of Pennsylvania, Grass has an MBA from Cornell University.

Alex Grass continues as chairman and ceo of Rite Aid.

New booth format stars in Affiliated/Associated '89 spring buying show

NEW YORK — Affiliated/Associated Drug Stores was to unveil its new booth format as drug chain merchandisers and buyers gathered here April 10-13 for the spring buying show.

"There is great enthusiasm on both sides. Exhibitors are absolutely thrilled we're doing this. It's been a long time coming," said Phil Weinstein, president of Affiliated/Associated, of the booth format.

See show calendar, p. 8, and profile of Jack Fruth, Affiliated/Associated's first chairman, on p.3.

The association representing 103 drug chains was officially formed in January when Affiliated and Associated Drug Stores merged after over 60 years of separate operations.

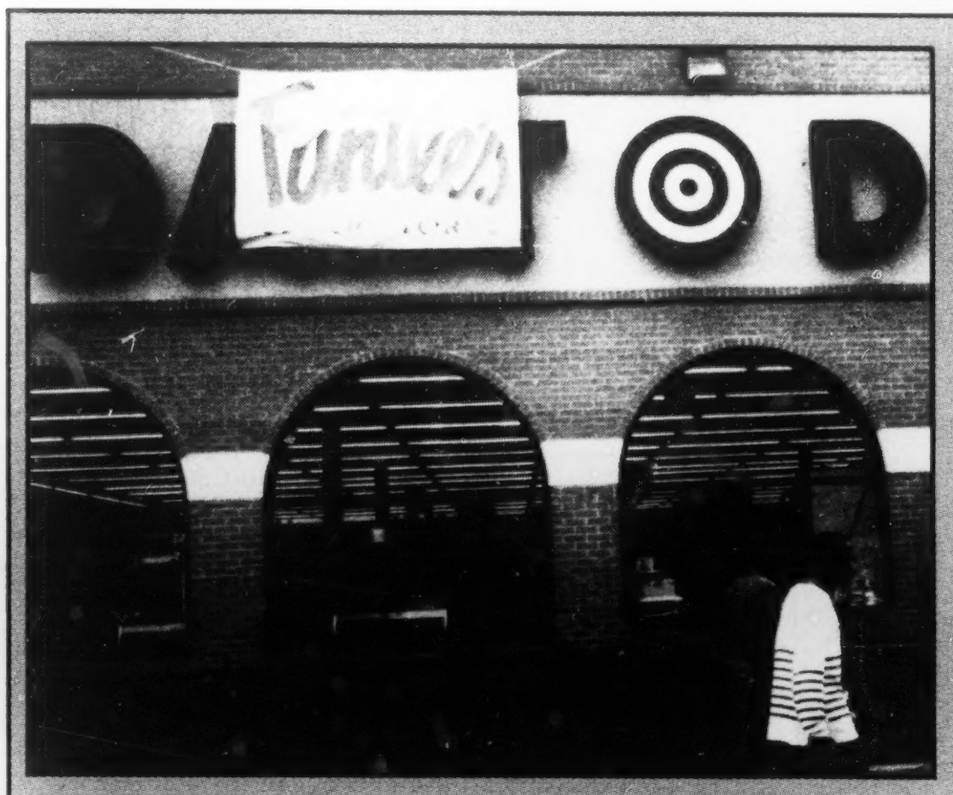
This year's show at the Sheraton Centre Hotel will have 133 booths and 118 exhibitors, about 15 more than last year, Weinstein said.

On Monday at the hotel, Affiliated/Associated's five merchandise managers are expected to show nearly 400 product lines they are suggesting for the back-to-school season.

See **Spring show,** *page 33*

LATE NEWS

- ALEXANDRIA, Va — Peoples Drug said it's promoted Mary Mahon to executive vp-general counsel and secretary. Mahon, who joined the chain in 1978, was most recently sr. vp-general counsel and secretary.
- NEWTON, Mass. — Staples Inc., a specialty office product superstore chain in the Northeast, plans to go public. The 23-store company filed its initial public offering of 2.8 million shares of common stock with the Securities and Exchange Commission.
- AUBURNDALE, Mass. — Irving Ring has been named director of store operations at Rix-Dunnington. He replaces Steve Sorkin, who will become general manager of Rix's Jake's Pharmacy Emporium deep discount stores.
- NEWPORT BEACH, Calif. — American Stores will hold its annual meeting at the Newport Meridien Hotel here June 12. On July 1 it will move its headquarters from Irvine, Calif.— where they've been for the last year—back to Salt Lake City.



New name is meant to help distance the drug chain from the old Dart image.

Dart, Towle, Hansbrough charged in Labor Dept. pension suit

WASHINGTON, D.C. — The U.S. Labor Dept. has filed suit against Dart Drug Stores, Inc. and two former chain executives, alleging the pair cheated participants in and beneficiaries of the employees' profit sharing plan (the Dart Plan) out of $3.5 million.

The complaint, which *Drug Store News* has obtained a copy of, seeks to

See **Suit,** *page 33*

Fantle's to bury Dart's past as 'Bud' bows service program

By Al Heller

WASHINGTON — Sheldon W. Fantle, long recognized for pursuing his visions of what drug retailing could be, has unveiled his radical new view of 69-store Fantle's.

In his 17th month since taking control of financially troubled Dart Drug Stores, which were renamed Fantle's two weeks ago, the chairman let loose with a spirited, multi-pronged program that is meant to recast the chain into an upscale, service-oriented health and beauty merchant. *(See The Human Side, p. 4.)*

By coincidence, the day before Fantle's announcement, the U.S. Dept. of Labor charged two former Dart executives and the chain, alleging the pair cheated the company's pension fund out of $3.5 million. *(See sidebar.)* **Any possible financial impact on Fantle's new programs remained unclear at press time.**

Fantle called the suit "another reason to make the break" from the old Dart.

Fantle's massive makeover includes:

- **A renewed emphasis on pharmacy, marked by free prescription deliveries, chainwide installation of pharmacy comput-**

See **Fantle's,** *page 33*

Store manager Ted Sutton tosses Dart name tag (circled), ushering in new service era at Fantle's.

American Stores, Lucky move closer

Appellate court ruling clears path for $2.5 billion merger

SALT LAKE CITY — American Stores said it will move quickly to merge Lucky Stores with its 216 Alpha Beta supermarkets, following a ruling by a federal appeals court which clears the way for the two operations to combine.

On March 31, the Ninth Circuit U.S. Court of Appeals overturned a preliminary injunction issued last September blocking the $2.5 billion deal, which was struck a year ago. In their ruling, a three-judge panel noted that California State Attorney General John Van de Kamp had overstepped the state's authority when he won the injunction, because it amounted to an order for American Stores to divest Lucky. The court also faulted Van de Kamp for failing to move more quickly in obtaining the injunction after the two companies agreed to combine.

The ruling sweeps away a major roadblock in the way of the merger, and American Stores spokesman Michael Miller noted that the company "will integrate those operations forthwith." Nevertheless, Van de Kamp has vowed to appeal the case all the way to the U.S. Supreme Court if

See **Lucky,** *page 33*

NEWS IN BRIEF

Ex-President Reagan to address NACDS

PALM DESERT, Calif. — Former President Ronald Reagan and his wife Nancy will speak here when the National Association of Chain Drug Stores (NACDS) holds its annual meeting May 6-10.

"They are a big draw," said John Covert, communications manager at NACDS, who felt the former first family would boost attendance. Although the Reagans' speech topics aren't yet final, both will talk about "fairly general topics," Covert said. Reagan will probably speak about his days at the White House and current affairs on Monday, May 8, during the general business session.

Mrs. Reagan, who has an active interest in drug-free youth will speak at the chairman's luncheon, which immediately follows. The lunch salutes all the first ladies of NACDS. Covert said Mrs. Reagan will probably talk about her campaigns in the U.S. and abroad to fight drug and alcohol abuse among the youth.

Covert said "quite a lineup" will speak at this year's NACDS annual meeting, at the Marriott Desert Springs, with the theme of "Productivity—The Spirit of Excellence."

Henry Kaufman, former director at Salomon Bros., will speak about leveraged buyouts, a subject "directly applicable" to members, Covert said. Margaret Heckler, former secretary of Health and Human Services, will "touch on" Medicaid and Medicare issues, he added. Former senator John Tower will also speak at the meeting.

SupeRx caps Medicare-Glaser buyout

ST. LOUIS — SupeRx of Arizona, Georgia and Alabama Corp. completed its $18.2 million purchase of Medicare-Glaser Corp. in late March, ending that chain's decades-long reign as an independent company. The purchase gives Phoenix-based SupeRx a strong entry into greater St. Louis and a toehold in Connecticut, with a combined operating base of 100 full-line drug stores, 43 small retail pharmacies, seven optical centers, five home health care centers and one liquor store. Company officials said they will keep the Medicare-Glaser logo in St. Louis.

Walgreens expansion creates district

DEERFIELD, Ill. — To handle the rapid fill-in expansion in its home market, Walgreen Co. has created an 11th Chicago district. David Harmon, former Chicago Northeast district manager, is now in charge of the new, 17-store Chicago West district. Walgreens now has nearly 250 stores in the Chicago area, and will open approximately 16 more within the next two years.

Marketing vp leaves Austin Drugs

EAST MEADOW, N.Y. — Al Nehman, former vp-marketing at 9-store Austin Drugs based here, has left the chain for "personal reasons," Gary Spielfogel, president, told *Drug Store News*.

Nehman's last day at the chain was March 24. "Al was commuting between New York and Annapolis [Maryland], and it was just too stressful," Spielfogel said. He said that Nehman left on extremely amicable terms.

Spielfogel has been interviewing to fill the position, but has not yet found a replacement. Nehman was "extremely helpful and effective" in helping to set the company's direction, Spielfogel added.

IN THIS ISSUE

Beauty Trends

Beauty Beat 29
Category in Motion 30

Trends

Focus on film/photo market in Orlando 13
Home lighting/flashlights brighten chains' margins 25

Inside Pharmacy

Cohen's Capsules IP3
The man behind Longs' pharmacy IP6
Statewire IP6
Are you ready for electronic claims transmission? .. IP9
Drug Watch IP14
Health Talk IP19
You Be the Judge IP20
Rx/OTC product updates IP21
Special three-credit C.E. lesson on AIDS IP25

Departments

Opinion 4
In the Market 4
The Human Side 4
Ads & Promos 6
People in the News 7
Store Manager Training Program 10
Finance 34

Boots stores given new name; renovation program scheduled

ETOBICOKE, Ontario — Boots Drug Stores, once a big name in Canadian drug store retailing, will soon be just a memory. The 108-store drug chain has been renamed Pharma Plus Drugmarts by its new owners following

Pharma Plus DRUGMART

what chain president William Atkinson called "exhaustive research and consumer testing."

After a decade of frustrating attempts by parent company Boots PLC of England to make the chain a profitable, high-volume fixture on the Canadian retail scene, the remaining Boots stores in Ontario were sold late last year to The Oshawa Group Ltd. Oshawa, which also operates Towers Departments Stores Ltd. in Canada, immediately named Towers veteran Atkinson as head of the chain and gave the company a temporary new name, Owl Drug, while it searched for a permanent logo.

Atkinson said he was "pleased with the name and the very positive consumer response." He also noted that the company will immediately launch a store renovation program, while developing one or more prototypes for new Pharma Plus units and major retrofits.

The new logo will be installed inside and outside the former Boots stores over the

Boots Drug Stores

next several months. "These are the first steps in a long-range plan to reposition the former Boots chain and to make Pharma Plus a leader in Ontario drug store retailing."

Alco buyout group raising $175 million

VALLEY FORGE, Pa. — Alco Health Distribution Corp. (formerly AHSC Acquisition Corp.) is offering $175 million in senior notes through Drexel Burnham Lambert. The offer is part of the financing of last November's management-led buyout of Alco Health Services.

Alco Health Services concurrently filed with the Securities and Exchange Commission (SEC) a registration statement to issue debentures for the 8 percent of stock outstanding. Pending SEC approval of these steps, consummation of the merger of Alco Health Distribution with Alco Health is expected to be completed late this month or early in May.

Alco Health has prepared a three-year business plan capable of meeting its debt requirements, said John A. Kurcik, Alco's principal accounting officer. "We feel it's a reasonable operating plan that will provide an adequate level of capital expenditures," the main focus of which will be on upgrading the company's computer facilities, he said.

Wanted out of wholesaling

Alco Health came into play last June, when Alco Standard, which owned 48 percent of Alco Health stock, indicated its desire to get out of drug wholesaling. A management-led buyout offer was topped by McKesson Corp.'s $30 per share offer for Alco Health. After the Federal Trade Commission stymied that proposal, AHSC Acquisition Corp., an investment group including Citicorp Capital Investors, members of Alco Health management and others, launched its successful $31 per share bid.

For the first quarter of fiscal 1989, ended Dec. 31, Alco Health reported revenues of $552.5 million, compared with $504.1 million for the like 1988 period. First-quarter net income was $3.9 million, down from the $5.6 million for the comparable year-earlier period. Operating income was $12.4 million, compared with $11.4 million for the like period last year. During the quarter, unusual charges included $1 million in merger-related expenses and a $3.8 million charge for cancellation of stock options, required by the merger.

Personnel shifts for Walgreen's purchasing department staff

DEERFIELD, Ill. — Walgreens has promoted Dwight Iverson to the new post of director of purchasing for three key merchandise areas, triggering a series of personnel changes in the purchasing department.

Iverson, a 29-year company veteran, oversees three divisions in his new post: housewares/ appliances, cameras/ electronics and food/ liquor. He reports to senior vp-marketing Vern Brunner.

The merchandise managers for these three divisions had previously reported directly to Brunner. Iverson was most recently the division manager for food/liquor.

The other merchandise divisions continue to report directly either to vp-purchasing George Eilers or Brunner.

Iverson joined the company in 1960 after graduation from Drake University's pharmacy school, and worked his up through the ranks as store manager, candy/grocery merchandiser, buyer and senior buyer. Since 1983, he has been divisional merchandise manager in charge of candy, tobacco, convenience foods and liquor.

To replace him, Walgreens has promoted Robert Schwab, who last served as a senior buyer in charge of greeting cards, party goods, wrapping paper, candles, potpourri, books and magazines. Schwab joined the chain in 1956 as a clerk and has served in store opening, marketing coordination and purchasing. He now reports to Iverson.

Schwab's old duties are now split between former assistant buyer Robin Randolph, who has been promoted to buyer of greeting cards, party goods, wrapping paper, candles and potpourri; and Dale Solner, who has assumed additional buying responsibilities for books and magazines. Both Randolph and Solner will report to Schwab.

Former assistant buyer John Young is now buyer in charge of basic toys. Like Randolph, he now reports to divisional merchandise manager Mark Paul.

NACDS names Briggs sr. vp; Teach on board

WASHINGTON, D.C. — The National Association of Chain Drug Stores (NACDS) has reorganized its staff, adding Randy L. Teach to the newly created position of senior vp, health policy and government affairs. Bruce Briggs, formerly vp, policy, was promoted to the new position of senior vp, policy administration.

Other posts held

Teach previously served as deputy assistant secretary for health policy at the U.S. Department of Health and Human Services. Briggs, an NACDS staff member since 1983, has served in a variety of increasingly senior positions, including managing director of pharmacy affairs and vp, pharmacy affairs.

The reorganization now gives Teach responsibility for the areas of pharmacy and government affairs. Briggs is now responsible for policy coordination in the areas of meetings and communications, finance and administration, and trade relations. Both men report to Ronald L. Ziegler, NACDS president and ceo.

Personal flashlights brighten drug chains' margins

Vereen ad activity survey
January and February flashlight ads in drug chain circulars

Brand	Model	Sale price	Advertiser
Durabeam	DFC	$2.99	Hook's
Garrity	6009FB	$5.99	Sav-on
Eveready		0.99	Longs
Black & Decker	RFL100	9.99	Walgreens
Garrity	6009FB	5.88	Osco
Maglite	Mini M2A	9.99	Pay 'n Save
Durabeam	DFF-N	4.99	Hook's
Eveready	Commander lantern	5.99	Standard
Eveready	2 pk	3.99	Pay Less

Source: Vereen & Associates

By Christine Bizzarro

The $415 million lighting device market is beaming forward at 9 percent each year, and drug retailers interviewed said most of their flashlight business comes from the low- and mid-range price point spectrum.

The category trend has been to premium-priced ($10.00-$15.00) flashlights at mass merchants, with more merchandising opportunities in these outlets (because of more space), but "the whole industry is not moving this way," Gary Baker, vp trade development for Eveready, told *Drug Store News*.

Baker said the less expensive, lower-ticketed and medium-priced unit sales of flashlights ($2.00-$9.00) are doing well in drug stores. Kevin Garrity, vp marketing at Garrity Industries, agreed.

"The premium flashlight category is still the most rapidly growing segment in terms of dollars, because consumers' attitudes are changing, and they're willing to spend more money for quality products," Garrity said, but he added that the disposable flashlight category is an important segment at drug chains.

A West Coast buyer sees the "little squeeze light" segment of the market as a "quiet profit winner" at its stores. "These disposables can fit into the palm of your hand, and can easily go into a pocket or women's purse," he said.

"We cross-merchandise them on J-hooks all over the store," he said, noting the automotive section and the checkstand area as two suc-

Continued on page 26

1988 flashlight market sh

(By units—

Source: Rayovac estimates

Aggressive merchandising juices light bulb sales

Conventional drug stores continue to hold onto an estimated 10 percent market share in the battle of the bulbs, but deep discount drug stores are gaining share points in the $1.47 billion light bulb category.

Consumers bought 1.67 billion light bulbs last year, 15 percent more than in 1987. At GTE Sylvania, Rick Kowarek, marketing manager of consumer products, said drug stores can motivate consumers to buy even more bulbs by aggressively promoting the category. Discounters and home centers gained market share last year by doing just that.

"Interestingly, incandescent bulbs have experienced flat sales in drug stores, but fluorescent bulbs gained two share points at the chains last year," said Kowarek, noting that a broader assortment of home lighting products can also generate maximum profits at drug chains.

Bob Birzell, national sales manager-drug at General Electric, said, "Drug stores are holding their own, however, productivity can be increased through more aggressive promotional and merchandising efforts. While mass merchandisers will occasionally run 60-100 watt bulbs as loss leaders, drug stores have been very successful by promoting multiple-SKU ads which drive sales and margins." (See Vereen chart.)

Price Less in Sacramento, Calif., sells lightbulbs in 4-packs to capture higher ticketed sales, and also merchandises such electrical accessories as outlets in its lighting center.

Promotion-driven category

A West Coast chain advertises at least one lighting product a month in its circulars, but prefers to use the advertising formula GE's Birzell mentioned above. "We would advertise a flood light with a three-way bulb and a bug light," the buyer said. A basic light bulb set at this chain averages nine feet, and is part of the "electrical wiring" section that includes batteries and extension cords. This retailer said the chain doesn't get involved with manufacturers' rebate coupons, even though this category is driven by promotions.

Roger Musil, housewares buyer for Snyder Drugs in Minnetonka, Minn., said the home lighting category is strong in its over 200 stores, as it is "being spearheaded by the manufacturers' increased advertising, and instant and mail-in rebates."

Snyder's takes advantage of the on-pack rebates. It mostly carries 2- and 4-pack bulbs in its in-line light bulb section, which takes up eight to 12 feet in each store. Snyder's typically promotes the bulbs five or six times a year in its coupon books and circulars. Musil said the chain also uses in-store coupons on occasion for increased sales.

Edgehill Drugs in Nassau, Del., knows the importance of advertising the category. Gene Frabizzio, housewares buyer for the 16-store chain, said light bulbs are only sold at the chain on a promotional basis. "We don't carry a particular brand, and for bulbs to be sold on an everyday basis, they must be put on sale," he said. These stores choose to carry bulbs four times a year.

Four-pack bulbs, the most competitive bulb packaging in drug stores, are bestsellers at Rx Place, an eight-store deep discounter in the Northeast. Fred Gissubel, buyer, said 12 feet is given to the category. "We carried the 12-pack value pack bulbs last year and they really didn't sell," Gissubel said. Kowarek at Sylvania said consumers for the 8- and 12-packs of bulbs are more likely to shop for them in home centers and discount stores.

Some chains have stepped up their advertising of the category. At Big V Pharmacies,

Continued on page 27

Vereen ad activity survey
January lightbulb advertisements in drug chain circulars

Brand	Model	Sale price	Advertiser
GE	40, 60, 75, 100 4pk	$1.99	Rite Aid
GE	40, 60, 75, 100 4pk	2/4.89	Dart
Philips	40, 60, 75, 100 4pk	1.89	SupeRx
GE	60, 75, 100 4pk	1.69	Longs
GE	4pk	1.89	Eckerd
Philips	60, 75, 100 4pk	1.89	Dunaway
GE	3-way	2/3.00	Thrifty
GE	3-way	2/3.00	Walgreens
GE	40, 60, 75, 100 4pk	1.89	Big B
GTE/Sylvania	Soft White 4pk	1.69	Kerr
GTE/Sylvania	60, 75, 100 2pk	0.99	Brooks
GTE/Sylvania	3-way	0.99	Brooks
GE	Soft White 4pk	1.99	Hooks

Source: Vereen & Associates

Tie-ins a profitable flashlight strategy

Continued from page 25
cessful secondary locations.

Flashlights are given three feet at this West Coast chain, and are included in the electrical wiring section, along with lightbulbs and batteries. Flashlight price points here range from less than $2.00 to $19.99 for the rechargeables.

At Perry Drug Stores, flashlight sales were much better in 1988 than in 1987, even though the chain's experience with higher ticketed models have not been successful, a spokesman said.

"We've merchandised flashlights better by tying them in with batteries and moving them towards the front of the store, so customers can see them from the checkout area," he said. He felt flashlights sold in drug stores are high impulse items.

Perry has doubled flashlight space, too, expanding from 1½ linear feet to 3 feet. Small personal flashlights do well to the degree they're represented at the chain, the spokesperson said, even though Perry doesn't emphasize them.

Bright colors may offer an attractive flashlight display, but a color assortment on a peg may prove to be a headache.

At Arthur Drugs, the eight-store chain in Hartford, Conn., vp Jay Mastriani said the 3-foot flashlight section is kept behind the counter of the photo department, along with batteries. Both categories have a high pilferage rate at Arthur Drugs, and the chain chooses to sell mid-priced models between $5 and $14.

Snyder Drugs' flashlight price points also approach the mid-range of $3.99 to $9.99. Roger Musil, housewares buyer for the 200-store chain based in Minnetonka, Minn., said the category is merchandised near home lighting with batteries on a permanent end-cap fixture.

Rx Place, the eight-store deep discount chain based in New York City, currently sells Garrity and Eveready flashlights in trial-sized baskets in various high-traffic locations. Fred Gissubel, buyer, said "We will eventually change the format and devote approximately two feet to flashlights."

Flashlights now sport pastel and bright colors. "Flashlights were originally red or orange, but with the new colors, they look attractive and add excitement to the category," said Baker at Eveready. Eveready's Trusty Lights come in decorator colors, and Rayovac recently introduced Flashylights, a six-SKU line of bright colors.

However, Perry Drug Stores carries only basic flashlight colors like black and chrome, because the bright colors haven't sold well, the chain's spokesperson said.

And at the West Coast chain, the buyer said bright colors may offer an attractive flashlight display, but a color assortment on a peg proves to be a headache. "When a customer is looking for a certain color and it's the fourth flashlight on the peg, the three other flashlights get dumped, and the section looks unattractive." This chain shies away from bright colored flashlights except during special promotions.

The bright side of American homes

Total U.S. households	90 million
Total U.S. # light bulb sockets	2.4 billion
Average sockets per household	27
Average light bulbs per household	32

Lighting fixture	Percentage of U.S. homes with these fixtures
3-Way bulbs	69%
Night lights	57
Chandelier and globes	46
Fluorescent bulbs	46
Outdoor flood lights	41
Outdoor post lamps	31
Track/recessed lighting	30

Source: Reprinted from *Philips Today*, statistics provided by Total Research Corp., Princeton, N.J.

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Home Lighting TRENDS

The home lighting center at Drug Emporium in North Carolina uses eye-level shelf talkers, including manufacturers' rebate offers, to boost bulb sales.

Thrifty in Hollywood, Calif., merchandises a variety of candelabra bulbs and spotlights along with its basic lightbulb set.

Lighting products

Continued from page 25

the 104-store chain based in London, Ontario, sales are up somewhat for the entire home lighting category. Don Spiers, merchandising group coordinator, attributes this to the doubling of advertisements in store circulars.

"Until last year we advertised lighting products once or twice a year, but now we're promoting them three or four times a year in our circulars," Spiers said. No more than four feet is given to light bulbs at Big V, but at some stores extra space is given to electrical accessories, a small but essential segment in the mix.

Snyder's carries a full line of electrical accessories adjacent to light bulbs, to capture impulse sales. Consumers can choose from light switch plates, adaptors, extension cords and night lights in the 3- to 4-foot section at the chain. The segment is doing well, Musil said.

'Tremendous growth'

Perry Drug Stores in Michigan reported better sales for light bulbs in 1988 than in 1987. "light bulbs have shown tremendous growth for us," a chain spokesperson said. "We've incorporated a heavy promotion schedule, promoting them several times a quarter in our circulars, rather than twice a year like we previously did."

This year Perry expanded its light bulb section to include more special use decorative and candelabra bulbs. Eight to 16 feet is devoted to the category, which is housed in the home lines section at Perry towards the back of the store. Perry's ads feature bulbs at special prices, much lower than their shelf price. Philips 4-pack Longer Life bulbs are among the best sellers at Perry, the spokesperson said, because they are top of the line and carry a higher ticket.

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We increase the demand for GE products with a heavy national advertising campaign—more than $20 million this year. And with over $600 million in promotions and rebates.

And we increase your profits with a broad mix of products that answer all the lighting needs of your customers.

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Customer loyalty! Retailers report **90% repeat** purchase rate.
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Cold Sore Lip Balm. *"It Works!"*
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

Suit filed by feds against Dart Drug, two former execs

Continued from page 1
hold defendants liable for repayment of the funds. At press time, the suit's impact on Fantle's (formerly Dart Drug Stores), which has been under new management since late 1987, was unclear. Fantle said he has seen the complaint, but Fantle's Drug Stores has not yet been officially served.

Fantle declined to comment directly on the suit, but did say in a telephone interview that he doesn't anticipate any "negative effects."

The two executives charged in the suit, Stephen J. Hansbrough, former chairman and treasurer of Dart Drug, and Alvin F. Towle, former president and secretary of the chain in 1984, were also trustees of the Dart Plan. Neither could be reached for comment.

The complaint alleged that the two former trustees invested $3.5 million of Dart Plan assets in 35,000 shares of Dart Drug junior preferred stock, at $100 per share. This stock was convertible to common stock at a rate equal to $3.00 per share.

At the same time, in their individual capacities, Hansbrough and Towle bought 1,165,900 and 1,459,100 shares, respectively, of Dart Drug common stock, at an average price of 33 cents per share. Ownership of these amounts gave them both voting control of Dart Drug.

The complaint alleged that Hansbrough and Towle violated their fiduciary duty under the Employee Retirement Income Security Act (ERISA) because they used monies from the Dart Plan to buy the Dart Drug junior preferred stock for more than the stock's fair market value, on terms less favorable than those received by other investors who bought Dart Drug equity at the time.

In addition, the complaint alleged that the trustees invested Dart Plan assets in the junior preferred stock without seeking an appraisal of the stock's fair market value.

As a result of their breaches, the Labor Department charged that the former executives caused the Dart Plan to suffer financial losses, for which they are jointly and severally liable.

Dart Drug was started in 1954 by Herbert Haft, who sold his interest in the company in mid-1984 to a Hansbrough- and Towle-led group for $187 million, a price tag regarded as high by industry sources. By 1987, Dart's fiscal maneuverings to survive under a crushing debt burden had worn thin with creditors and suppliers.

In November of that year, Fantle bought controlling interest in Dart, and immediately set out to patch relations and restart a steady flow of merchandise to the chain. His current programs are meant to distance Fantle's from the old Dart.

Risa D. Sandler, counsel for general litigation, told *Drug Store News* that Dart Drug is named in the suit because it is a corporate entity. "Even though the name has been changed, and the company is under new ownership, it is still a defendant in the case." The complaint stated that Dart Drug, along with Hansbrough and Towle, is liable to correct the prohibited transactions.

Fantle's to bury past with service program

Continued from page 1
ers by June, and a goal that pharmacy will eventually account for 20 percent of sales, up from 14 percent currently. Stores average 65 scripts a day now, a pace that will have to nearly double to reach this goal, president Jeff Fantle and senior executive vp Fred Edwards told *Drug Store News*.

- A three-year-long chainwide remodeling program that will make over stores in the boutique-style of prototypes in Centreville and Manassas, Va., and Gaithersburg, Md. Over the next 12 months, about a dozen minor remodels at $20,000 to $50,000 each, and three major remodels at $250,000 each, will be done, Jeff Fantle said. Some quick changes: lowering gondolas to 66 inches from 72 and 84 to increase shoppability, and moving managers' offices to the rear of stores. Total remodeling costs could approach $10 million.
- An aggressive charities program, dubbed The Good Neighbor Fund, in which Fantle's will donate 5 percent of the amount on redeemed sales receipts to registered charities and nonprofit groups. This is a proven tactic by supermarket chains to help build loyalty among shoppers who give their receipts to charities for redemption. The difference here is Fantle's 5 percent level, compared with the usual 1 percent.
- Eventual equipping of all stores with scanning. All have POS now.
- The addition of four more stores by the end of 1989.
- A $2 million year-long ad campaign emphasizing service and pharmacy, which began airing during the Academy Awards, and will continue in electronic and print media, in-store promotions, circulars and direct marketing. Fantle's sells 5 to 12 percent of merchandise on ad, depending on the season, mostly through eight to 12 circular pages each week, Jeff Fantle said. That compares with 18 to 32 weekly circular pages Dart had run.

All it will take is money. Fantle's executives said a possible fiscal restructuring, along with sales gains from remodeled and remerchandised stores, and revenues from subleasing 130,000 square feet to be made available by downsizing and revamping drug-home center combo stores, will generate cash to fund these ambitious programs. Many leases are long term, running as long as through 2020 with no increases in rent. Eleven are leased to Fantle's by the Hafts.

Fantle's
DRUGSTORE
HOME DELIVERY POLICY
HOME DELIVERY SERVICE WILL BE AVAILABLE TO OUR CUSTOMERS WITHIN 5 MILE RADIUS OF THIS FANTLE DRUGSTORE.
• ANY DELIVERY INCLUDING A PRESCRIPTION WILL BE DELIVERED WITH NO DELIVERY FEE TO THE CUSTOMER.
• ANY DELIVERY WITHOUT A PRESCRIPTION WILL BE SUBJECT TO THE FOLLOWING:
• ORDERS MUST BE FOR A MINIMUM OF $25.00
• THERE WILL BE A $2.50 FEE CHARGED FOR DELIVERY OF THE PURCHASE.
• HOME DELIVERY OF TOBACCO, BEER AND WINE WILL NOT BE AVAILABLE.
Sign posted by pharmacy at Fantle's, Centreville, Va., explains delivery policy.

Fiscal restructuring seen

"We'll have a real good feel in the next 30 days about financial restructuring possibilities," said Jeff Fantle. Top officers have been working with Kidder Peabody in New York on a possible deal. "We have a better than average chance of doing what we have to do with the restructuring," said Bud. "We inherited great debt. We have to construe the company as a workout."

To that, Bud added: "You don't work a lifetime and put your name on something you don't have confidence in."

He expressed faith in his people, and is investing in them. After seeing the effect of healthy starting salaries for store-level workers in the three Fantle's prototypes, the chain has raised beginning wages in all stores to $5 an hour, up from $4.25. Many fringes have been improved as well.

"If we pay for good people, we'll get good productivity," said Bud, noting zero turnover in staff at the Fantle's prototypes.

Under Mark Arensmeyer, senior vp-human resources, every chain employee has been trained to emphasize customer service and satisfaction. As a motivator, "all performance and salary reviews will be directly tied to their attitude toward customer service," said Bud Fantle.

To help convey the seriousness of the message, Jeff Fantle shopped the chain's stores as a grubby customer not long ago. His shabby treatment at two stores caused him to fire virtually their entire staffs, he said.

To the Fantle's, the chain's name change is more than symbolism. It marks a deliberate distancing from Dart, which had become known in the market for onerous customer service policies and lax merchandising control—and now allegedly for cheating employees out of pension funds.

"We'll do whatever it takes," said Jeff Fantle, with a determined look. "Yes, we're nervous. Yes, there is pressure. But we are content because we are controlling our own destiny," he added, speaking of the top management team.

This is also the first time Bud and Jeff Fantle are working side by side. "People think we have, but we never really have," said the son, recounting their careers at Peoples divisions, spent either in different cities or out on the road a lot.

Assessing what's ahead, Bud Fantle said, "Once it's set up, I'll step aside. I'll be here two to three years at most."

Spring show bows new booth format

Continued from page 1
The booth show starts Tuesday at 9:00 a.m. and runs until 5:00 p.m. From 5:00 p.m. to 6:30 p.m., there will be a cocktail party for members.

On Wednesday, the vendors will exhibit from 9:00 a.m. to 4:15 p.m. From 4:30 p.m. to 5:30 p.m., there will be a second-day cocktail party, where a drawing for a trip for two to Hawaii will be held.

An all-day meeting for members Thursday starts with a "What's Good With You" session in the morning, when members will present their most successful merchandising ideas of the past year. There will also be an update on H&BAs and cosmetics.

After lunch, *Drug Store News* will host a panel discussion on sundries, followed by a separate presentation on the category led by Bob Berman of May's Drug, and Vern Morse of K&B.

The booth show was decided upon after many vendors said they prefer the format as a less costly, more accessible avenue to buyers. However, since some vendors still prefer rooms for private talks with major accounts, the upcoming fall show will likely be a combination of booth and room format.

"We're trying to give them the best of both worlds," noted Jack Fruth, president of Fruth Pharmacy and Affiliated/Associated's first chairman.

Starting in 1990, the spring show will probably be taken outside New York for two reasons: high costs and a desire to entice new regional vendors.

Lucky-American merger okayed by appellate court

Continued from page 1
necessary to prevent what he calls a "monopolistic merger." Van de Kamp has argued that the combination of Lucky's 336 stores with those of Alpha Beta would severely restrict supermarket competition in California and lead to higher prices for consumers.

In its ruling, the appeals court agreed that the merger would restrict competition by giving the combined companies about one-fourth of the total supermarket business in the state. In addition, it left the door open for further legal action by giving the attorney general the right to address, through the courts, some of the "anticompetitive symptoms of the merger." That could include possible moves by Van de Kamp to block the closing of some old stores or the opening of some new ones.

American Stores counters that the merger would actually lead to lower prices as the company takes advantage of cost efficiencies and adapts Lucky's everyday low-price strategy to its Alpha Beta operation.

Drug Store News (ISSN 0191-7587) is published biweekly—every other Monday, monthly in December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N. Y. 10022. Subscription rates: in-field subscribers, retailrs and wholesalers, one year (24 issues) $19.50; two years $35. Manufacturers and their representatives $45; schools, libraries and all other out-of-field subscribers $95. Single copy rate $4. Foreign subscriptions: airmail only $125 per year.

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Vol. 11, No. 8 April 17, 1989

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